

1. BUSINESS SERVICES

A. Professional Services

e) Engineering Services (CPC 8672)	1)	Unbound	1)
	2)	Unbound	2)
	3)	Only through incorporation with a foreign equity ceiling of 51 per cent	3)
	4)	Unbound except as indicated in the horizontal section	4)

B. Computer and Related Services

a) Consultancy services related to the installation of computer hardware (CPC 841)	1)	Unbound	1)
	2)	Unbound	2)
	3)	Only through incorporation with a foreign equity ceiling of 51 per cent	3)
b) Software implementation services (CPC 842)	4)	Unbound except as indicated in the horizontal section	4)
c) Data processing services (CPC 843)			
d) Data base services (CPC 844)			
e) Maintenance and repair services of office machinery and equipment including computers (CPC 845)			

C. Research and Development Services

a) R&D services on the following natural sciences only:	1)	Unbound	1)
	2)	Unbound*	2)
- Heat, light, electro-magnetism, astronomy, but excluding atomic energy and related matters (CPC 85101)	3)	Only through incorporation with a foreign equity ceiling of 51 per cent	3)
	4)	Unbound except as indicated in the horizontal section	4)
- Engineering and			

technology, including applied science and technology for casting, metal, machinery, electricity, communications, vessels, aircrafts, civil engineering, construction, information, etc.
(CPC 85103)

F. Other Business Services

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| e) Technical testing and analysis services
(CPC 8676) | 1) | Unbound | 1) |
| | 2) | Unbound | 2) |
| | 3) | Only through incorporation with a foreign equity ceiling of 51 per cent | 3) |
| | 4) | Unbound except as indicated in the horizontal section | 4) |

2. COMMUNICATION SERVICES

C. Telecommunication Services#1

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| a) Voice telephone service
(CPC 7521**) | 1) | Unbound | 1) |
| | 2) | Unbound | 2) |
| Limited to local/long distance, for public use over a public telecommunication transport network. | 3) | The service will be permitted to be provided only after the operator gets a licence from the Designated Authority who shall determine the need, if any, for issuance of new licences. The terms and conditions of the licence will be as laid down by the Designated Authority or Government or the prevailing laws in the country. | 3) |

Wire based (i.e. for fixed network of subscribers).

There will be one operator other than Department of Telecommunications (DoT)/Mahanagar Telephone Nigam Ltd. (MTNL) in each service area for a period of 10 years from the grant of licence after which the position will be reviewed.

The private operator should be a company registered in India in which total foreign equity must not exceed 25%.

Service operator will be permitted to

provide long distance service within the licensed service area only.

Resale of voice telephone services will not be permitted. However, licensees can grant franchises on commission basis for providing public call offices (PCOs) service.

The detailed terms and conditions for providing the service will be as per licence conditions.

	4)	Unbound except as indicated in the horizontal commitments.	4)
c) Circuit switched data transmission services (CPC 7523**)	1)	Unbound	1)
	2)	Unbound	2)
	3)	Licensed voice telephone service operators will be permitted for transmission of data on the PSTN#2 network in its licensed service area.	3)
	4)	Unbound except as indicated in the horizontal commitments	4)
f) Facsimile services (CPC 7521**)	1)	Unbound	1)
	2)	Unbound	2)
	3)	Licensed voice telephone service operators will be permitted for transmission of facsimile on the PSTN network in its licensed service area. Franchisees of service operators can provide commercial facsimile services	3)
	4)	Unbound except as indicated in the horizontal commitments	4)
g) Private Leased Circuit Services (CPC 7522**)	1)	Unbound	1)
	2)	Unbound	2)
	3)	Licensed voice telephone service operators will be permitted to provide leased circuits to their customers, for their own use within their licensed service area. Resale of such leased circuits will not be permitted.	3)
	4)	Unbound except as indicated in the	4)

horizontal commitments

Data and message transmission services, the following:	1)	None	1)
	2)	Unbound	2)
h) Electronic mail (CPC 7523**)	3)	Only through incorporation with a foreign equity ceiling of 51 per cent	3)
i) Voice mail (CPC 7523**)	4)	Unbound except as indicated in the horizontal section	4)
j) On-line information and data base retrieval (CPC 7523**)			
l) Enhanced/value added facsimile services, including store and forward, store and retrieve (CPC 7523**)			
n) On-line information and/or data processing (CPC 843**)			
o) Other	1)	Unbound	1)
Cellular mobile telephone services.	2)	Unbound	2)
	3)	The service will be permitted to be provided only after the operator gets a licence from the Designated Authority who shall determine the need, if any, for issuance of new licences. The terms and conditions of the licence will be as laid down by the Designated Authority or Government or the prevailing laws in the country	3)

Only digital (GSM) technology will be permitted and this will only be terrestrial based.

There will be two cellular service operators in each service area. The position will be reviewed after 10 years. The right of DoT/MTNL to enter into each service area is reserved.

The private operator should be a company registered in India in which total foreign equity must not exceed 25%.

The detailed terms and conditions for providing the service will be as per licence conditions.

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| | 4) | Unbound except as indicated in the horizontal commitments. | 4) |
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D. Audiovisual Services

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|---|----|--|----|
| a) Motion picture or video tape distribution services (CPC 96113) | 1) | Unbound | 1) |
| | 2) | Unbound* | 2) |
| | 3) | i) Only through representative offices which will be allowed to function as branches of companies incorporated outside India | 3) |
| | | ii) Import of titles restricted to 100 per year | |

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| | 4) | Unbound except as indicated in the horizontal section | 4) |
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3. CONSTRUCTION AND RELATED ENGINEERING SERVICES

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| B. Construction Work for Civil Engineering | 1) | Unbound* | 1) |
| | 2) | Unbound* | 2) |
| Roads & Bridges only: | 3) | Only through incorporation with a foreign equity ceiling of 51 per cent | 3) |
| Construction of highways, streets, railways, runways, bridges, tunnels, subways, waterways, harbours, dams, pipelines, communication lines, power lines and construction work of constructions for mining and manufacturing not elsewhere classified e.g. power plants, iron | 4) | Unbound except as indicated in the horizontal section | 4) |

foundries, blast furnaces and coke ovens. It excludes construction work of warehouses and industrial buildings, residential and non-residential buildings. (CPC Ex. 513)

7. FINANCIAL SERVICES

The commitments in financial services are made in accordance with the domestic laws, rules and regulations and the terms and conditions of the

A. Insurance and Insurance-related Services

Non-life, limited to insurance ¹⁾ of freight Ex. 5(a)(i)(B)	Unbound except in the case of insurance of freight, where there is no requirement that goods in transit to and from India should be insured with Indian insurance companies only. Insurance is taken by the buyer or seller in accordance with the terms of the contract. This position will be maintained. Once under a contract the Indian importer or exporter agrees to assume the responsibility for insurance such as in the case of f.o.b. contracts for imports into India or c.i.f. contracts for exports from India, insurance has to be taken only with an Indian insurance company.	1)
	2) Unbound	2)
	3) Unbound	3)
	4) Unbound except as indicated in the horizontal section	4)
Reinsurance and retrocession 5(a)(ii)	1),2) Reinsurance can be taken with foreign reinsurers to the extent of the residual uncovered risk after obligatory or statutory placements domestically with Indian insurance companies.	1)
		2)
	3) Unbound	3)
	4) Unbound except as indicated in the	4)

horizontal section

Insurance intermediation, limited to reinsurance Ex. 5(a)(iii)	1),2)	Reinsurance of domestic risks can be placed with foreign reinsurers through overseas brokers, to the extent mentioned under reinsurance and retrocession	1)
			2)
	3)	(i) Overseas brokers are allowed to have resident representatives and representative offices who can procure reinsurance business from Indian insurance companies to the extent mentioned above. They can also place reinsurance business from abroad with Indian insurance companies.	3)
		(ii) Except for the business indicated above, the resident representatives and representative offices cannot undertake any other activity in India.	
		(iii) All expenses of the resident representatives and representative offices have to be met by remittances from abroad and no income can be received in India from Indian residents.	
	4)	Unbound except as indicated in the horizontal section	4)

B. Banking and Other Financial Services (excl. insurance)

1.(i) Acceptance of deposits and other repayable funds from the public 5(a)(v)	1)	Unbound	1)
	2)	Unbound	2)
	3)	(i) Only through branch operations of a foreign bank licensed and supervised as a bank in its home country.	3)
		(ii) Grant of licence as permissible under existing laws.	
(ii) Lending of all types, including consumer credit, mortgage credit and financing of commercial transactions but excluding factoring Ex. 5(a)(vi)		(iii) A limit of twelve licences per year both for new entrants and existing banks.	
		(iv) Banks are allowed to install ATMs at branches and at other places identified by them. Installation of ATM at a place other	
(iii) All payment and money transmission services including credit, charge and debit cards, travellers			

<p>cheques and bankers drafts 5(a)(viii)</p> <p>(iv) Guarantees and commitments 5(a)(ix)</p> <p>(v) Trading for own account of:</p> <p>(a) money market instruments</p> <p>(b) foreign exchange</p> <p>(c) transferable securities</p> <p>Ex. 5(a)(x)(A)(B)(E)</p> <p>(vi) Portfolio management, custodial and trust services</p> <p>Ex. 5(a)(xiii)</p> <p>(vii) Clearing services for other banks for cheques, drafts and other instruments</p> <p>Ex. 5(a)(xiv)</p>	<p>than in licensed branches is treated as a new place of business and requires a licence. Licences issued for ATMs installed by foreign banks will not be included in the ceiling of twelve licences referred to in item (iii) above.</p> <p>(v) Investments in other financial services companies by branches of foreign banks licensed to do banking business in India individually not to exceed 10 per cent of owned funds or 30 per cent of the invested company's capital whichever is lower.</p> <p>(vi) Licences for new foreign banks may be denied when the maximum share of assets in India both on and off balance sheet of foreign banks to total assets both on and off balance sheet of the banking system exceeds 15 per cent.</p> <p>(vii) Foreign banks are subject to non-discriminatory resource allocation requirements.</p>	
	<p>4) Unbound except as indicated in the horizontal section</p>	<p>4)</p>
<p>2. Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues 5(a)(xi)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) (i) Allowed for foreign bank branches licensed to do banking business in India.</p> <p>(ii) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 per cent.</p>	<p>1)</p> <p>2)</p> <p>3)</p>
	<p>4) Unbound except as indicated in the horizontal section</p>	<p>4)</p>
<p>3. Stock broking</p> <p>Ex. 5(a)(x)(E)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Through establishment of locally incorporated joint venture company with foreign equity not exceeding 49 per cent. The foreign equity participation will be limited to recognized foreign stock broking companies.</p>	<p>1)</p> <p>2)</p> <p>3)</p>

	4)	Unbound except as indicated in the horizontal section	4)
4. Financial consultancy services, i.e. financial advisory services provided by financial advisers, etc. to customers on financial matters, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy Ex. 5(a)(xvi)	1)	Unbound	1)
	2)	Unbound	2)
	3)	(i) Allowed for foreign bank branches licensed to do banking business in India. (ii) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 per cent.	3)
	4)	Unbound except as indicated in the horizontal section	4)
5. Factoring Ex. 5(a)(vi)	1)	Unbound	1)
	2)	Unbound	2)
	3)	Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 per cent.	3)
	4)	Unbound except as indicated in the horizontal section	4)
6. Financial leasing 5(a)(vii)	1)	Unbound	1)
	2)	Unbound	2)
	3)	Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 per cent.	3)
	4)	Unbound except as indicated in the horizontal section	4)
7. Venture capital	1)	Unbound	1)
	1)	Unbound	
	2)	Unbound	2)
	3)	(i) Allowed for foreign financial services companies (including banks) through incorporation with foreign equity not	3)

exceeding 51 per cent.

(ii) Funding has to be entirely out of equity.

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| 4) | Unbound except as indicated in the horizontal section | 4) |
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8. HEALTH RELATED AND SOCIAL SERVICES

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|------------------------------------|----|---|----|
| A. Hospital Services
(CPC 9311) | 1) | Unbound* | 1) |
| | 2) | Unbound | 2) |
| | 3) | Only through incorporation with a foreign equity ceiling of 51 per cent | 3) |
| | 4) | Unbound except as indicated in the horizontal section | 4) |

9. TOURISM AND TRAVEL RELATED SERVICES

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|--|----|---|----|
| a) Hotels and other lodging services
(CPC Ex.641) | 1) | Unbound* | 1) |
| | 2) | Unbound | 2) |
| | 3) | Only through incorporation with a foreign equity ceiling of 51 per cent | 3) |
| | 4) | Unbound except as indicated in the horizontal section | 4) |
| b) Travel Agency and Tour Operator Services
(CPC 747) | 1) | Unbound | 1) |
| | 2) | Unbound | 2) |
| | 3) | Only through incorporation with a foreign equity ceiling of 51 per cent | 3) |
| | 4) | Unbound except as indicated in the horizontal section | 4) |

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* Unbound due to lack of tec feasibility.

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The definition and principles on the regulatory framework for the basic telecommunication services subscribed to by India are contained in the annex titled "Explanatory Paper on Additional Commitments by India".

#1 Excluding broadcasting services and measures affecting such services. Broadcasting defined as a form of the uni-directional telecommunication intended for large number of having appropriate receiving facilities and carried out by means of radio or cable network. It may include sound transmission, television transmission or other types of transmission.

The subject of opening up of national long-distance service beyond service area to competition will be reviewed in

the year 1999.

Also, the subject of opening up of international service to competition will be reviewed in the year 2004.

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#2 PSTN refers to Public Sw Voice Telephone Network w operated by DoT/MTNL or li operator.

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Subject to the prescribed authority having certified that the motion picture has:

a) won an award in any of the international film festivals notified by the Ministry of Information & Broadcasting, Government of India; or

b) participated in any of the official sections of the notified international film festivals; or

c) received good reviews in prestigious film journals notified by the Ministry of Information & Broadcasting, Government of India.

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* Unbound due to lack of tec feasibility.

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: General Agreement on Trade in Services and the Annex on Financial Services. All the commitments are subject to the Reserve Bank of India, Securities and Exchange Board of India and any other competent authority in India.

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(i) Foreign banks are required to constitute Local Advisory Boards consisting inter alia of professionals and persons having expertise in areas such as small-scale industry and exports. The Chairman and members of the Local Advisory Board must be resident Indian nationals except for the Chief Executive Officer who may be a foreign national. The appointment of Chairman and members of the Board requires Reserve Bank of India approval.

(ii) Public sector enterprises can invest

surplus funds in term deposits only with scheduled commercial banks incorporated in India.

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